



August 13, 2014

Item No. 10

**AUTHORIZATION TO AMEND RESOLUTION NO. 2013-CHA-91 (BMO HARRIS BANK N.A. LINE OF CREDIT FACILITY) TO EXPAND SECURING LOAN(S) UNDER EITHER A SECURED/UNSECURED OPTIONS TO SUPPORT THE CHA PLAN FORWARD OR OTHER RELATED NON-RESIDENTIAL COMMUNITY DEVELOPMENT ACTIVITIES**

**To the Honorable Board of Commissioners:**

**RECOMMENDATION**

It is recommended that the Board of Commissioners authorize an amendment to Resolution No. 2013-CHA-91 whereby the Chief Executive Officer ("CEO") or his designee has authority to amend the Chicago Housing Authority's ("CHA") Revolving Loan Facility from BMO Harris Bank N.A. to expand its borrowing option to include borrowing under an unsecured basis. The Board of Commissioners previously approved, under Resolution No. 2013-CHA-91, CHA obtaining a \$20 million secured revolving loan facility from BMO Harris Bank N.A. to support the CHA Unit Acquisition Program. CHA now seeks an amendment to Resolution No. 2013-CHA-91, to enable CHA to participate in other non-residential related Plan Forward community development initiatives by extending its credit facility to include borrowing under an unsecured loan option. Both loan facilities/borrowing components (secured and unsecured) are for a total amount not-to-exceed \$20 million and a maximum term of 60 months. The interest rate for the requested "unsecured" loan facility option is not-to-exceed 2% over prime rate at time of borrowing. Funds will be borrowed or line accessed only when needed for either the CHA Unit Acquisition Program or CHA Plan Forward Community Development Activities. All transactions and related financing terms along with specific collateral identification in connection with this credit facility shall be subject to CHA Board of Commissioners approval. In addition to CHA Board of Commissioners approval, HUD approval will be obtained prior to pledging collateral sourced with Federal cash, securities or land obtained with Federal funds.

The Chief Financial and Administrative Officer, the Treasury Department and the Office of the General Counsel have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

**CORPORATE MISSION**

The proposed "unsecured" revolving loan facility supports Plan Forward by developing vibrant communities. It provides financing for the CHA plan for community revitalization through the development of community assets including recreational, educational, health and other facilities with either residential or commercial components.

**FUNDING:**

- CHA Non-Federal cash, securities and/or land-pledged as collateral.

*Pursuant to HUD approval only*

- CHA Federal cash, securities and/or land-pledged collateral.  
Total program collateral is not-to-exceed \$35 million plus expenses.

### **GENERAL BACKGROUND /EXPLANATION**

BMO Harris Bank N.A. ("BMO Harris Bank" or the "Bank") is the CHA's primary cash management bank and has consistently provided best practice service delivery in a full range of banking products and services. BMO Harris Bank's commitment to Plan Forward is evident in their loan commitment for expanding the existing revolving credit facility as the new credit terms contemplate a wide range of options with respect to collateral/terms and pricing. The CHA's plan for neighborhood creation and community development can be greatly enhanced by exercising appropriate financing options contained in the Bank's loan commitment. On October 15, 2013, the Board of Commissioners approved Resolution No. 2013-CHA-91 which granted CHA approval for obtaining a "secured" revolving credit facility which would support unit acquisition activities at a maximum interest rate not to exceed 3.5% and a term limit of 60 months.

This request to amend and expand the scope of the revolving credit facility to include "unsecured loans" denotes the following:

Line of credit would also be used for non-residential community development activities  
Caps the interest rate at 2 percentage points over prime rate (Prime Rate currently 3.25%)  
Maintains the maximum term of 60 months.

The terms and conditions for all borrowing remains the same as indicated in prior Board Resolution.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies.

The Chief Financial and Administrative Officer concurs with the recommendation to amend Resolution No. 2013-CHA-91 to expand the BMO Harris Bank N.A. Line of Credit Facility to securing loan financing under either a "secured/unsecured" revolving loan options to support the CHA Plan Forward or other related community development initiatives.

The Chief Executive Officer/President recommends the approval of this item to the Board of Commissioners.

**RESOLUTION NO. 2013-CHA-87**

**WHEREAS,** the Board of Commissioners has reviewed the Board Letter dated August 19<sup>th</sup>, 2014 entitled "AUTHORIZATION TO AMEND RESOLUTION NO. 2013-CHA-91 (BMO HARRIS BANK N.A. LINE OF CREDIT FACILITY) TO EXPAND SECURING LOAN(S) UNDER EITHER A SECURED/UNSECURED OPTION TO SUPPORT THE CHA PLAN FORWARD OR OTHER RELATED NON-RESIDENTIAL COMMUNITY DEVELOPMENT ACTIVITIES".

**THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY**

**THAT** The Board of Commissioners authorizes an amendment of Resolution No 2013-CHA-91 (BMO Harris Bank N.A. Line of Credit Facility to expand securing loans under either a Secured or Unsecured Revolving Loan Facility from BMO Harris Bank N.A. This loan facility borrowing is not-to-exceed a total amount of \$20 million and a term of 60 months. The interest rate is not-to-exceed 2% over Prime for unsecured lending at the time of borrowing. The interest rate is not to exceed 3.5% for secured lending at the borrowing. Funds will be borrowed or line accessed only when needed for either the CHA Unit Acquisition Program or CHA Plan Forward Community Development Activities. All transactions and related financing terms along with specific collateral identification in connection with this credit facility shall be subject to CHA Board of Commissioners approval. In addition to CHA Board of Commissioner's approval, HUD approval will be obtained prior to pledging collateral sourced with Federal cash, securities or land obtained with Federal funds. The Chief Executive Officer or his designee is hereby authorized to execute all documents as may be necessary or appropriate to implement the foregoing.

